

**Opening Statement for Chairman Joe Pitts**  
**Health Subcommittee Hearing on**  
**“The Implementation and Sustainability of the New, Government-**  
**Administered Community Living Assistance Services and Supports (CLASS)**  
**Program”**  
**(Remarks Prepared for Delivery)**

The Community Living Assistance Services and Supports (CLASS) program, a government-run long-term care (LTC) insurance entitlement, was included in last year’s health reform law, seemingly as part of a budget gimmick to make Obamacare look less expensive than it really is.

Since participants will have to pay into the program for five years before becoming eligible for any benefits, CBO estimates including the CLASS Act in Obamacare reduced the 10-year cost of the legislation by \$70 billion.

With CBO estimating that the CLASS program will begin running a deficit by 2030; and CMS’ own actuaries estimating that the program will go into deficit in 2025, a taxpayer bailout may look very attractive to future Congresses, when premium increases and benefits cuts can no longer make up the shortfall.

While Obamacare specifically prohibits using taxpayer funds to finance CLASS, Congress can always pass a new law to allow the practice. Additionally, Congress can redirect funds from general revenue into the CLASS Independence Fund, if it needs to.

The concerns about this program are not limited to Republicans. In October 2009, Senators Kent Conrad, Joe Lieberman, Blanche Lincoln, Mary Landrieu, Evan Bayh, Mark Warner, and Ben Nelson sent a letter to Senate Majority Leader Harry Reid, asking him to strip the CLASS Act out of the pending health reform legislation.

They argued “We have grave concerns that the real effect of the provisions would be to create a new federal entitlement with large, long-term spending increases that far exceed revenues.”

And Kent Conrad, the Democratic Chairman of the Senate Budget Committee, famously called the CLASS Act “a Ponzi scheme of the first order, the kind of thing that Bernie Madoff would have been proud of.”

More recently, on February 16, Secretary of Health and Human Services Kathleen Sebelius testified before the Senate Finance Committee and admitted in an exchange with Sen. John Thune that the CLASS Act is “totally unsustainable.”

It seems the concerns with the CLASS program are widespread, and I believe we can all agree that we do have a serious long-term care problem in this country as LTC costs are driving people into bankruptcy and weighing down the Medicaid program.

We do need to address the issue, and the private sector, which already offers LTC products, must be at the center.

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